

## Message Text

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PAGE 01 PARAMA 00129 240207 Z

10

ACTION ARA-17

INFO OCT-01 EUR-25 ADP-00 CIAE-00 DODE-00 PM-09 H-02

INR-09 L-03 NSAE-00 NSC-10 PA-03 RSC-01 PRS-01 SS-14

USIA-12 COME-00 EB-11 LAB-06 SIL-01 OMB-01 AID-20

TRSE-00 NIC-01 RSR-01 /148 W  
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R 231800 Z MAR 73

FM AMCONSUL PARAMARIBO  
TO SECSTATE WASHDC 1273  
INFO AMEMBASSY THE HAGUE

CONFIDENTIAL PARAMARIBO 129

E. O. 11652: GDS  
TAGS: PINS, NS  
SUBJECT: STRIKE SITUATION

REF: PARAMARIBO 128

SUMMARY: NEGOTIATIONS CONTINUE STYMIED AND MAY BE BROKEN OFF.  
EARLIER ELECTIONS SEEM INCREASINGLY LIKELY. END SUMMARY.

1. GOVERNMENT AND UNIONS HAVE MADE NO PROGRESS WHATSOEVER IN  
FURTHER NEGOTIATIONS. REPORTEDLY, ROMAN CATHOLIC BISHOP  
ZICHEM, WHO AS CHAIRMAN OF IMPARTIAL CITIZENS' COMMITTEE IS  
PRESIDING OVER TALKS, HAS TOLD BOTH SIDES THAT THERE SEEMS  
NO POINT IN FURTHER DISCUSSIONS SINCE NEITHER SIDE HAS MOVED  
FROM ORIGINAL POSITIONS. THE PARTIES REMAIN AT OPPOSITES ON  
SUCH ISSUES AS WHETHER STRIKERS SHOULD BE PAID FOR DAYS ON  
STRIKE AND WHETHER GOVERNMENT HAS RIGHT TO PENALIZE CUSTOMS  
WORKERS WHO STRUCK IN DEFiance OF COURT ORDER. BOTH SIDES HAVE  
TURNED SUCH ITEMS INTO MATTERS OF PRINCIPLE, WHICH NO LONGER  
APPEAR AMENABLE TO COMPROMISE.

2. AS A RESULT OF CONTINUED IMPASSE, " POLITICAL SOLUTION"  
( GOVERNMENT RESIGNATION AND EARLY ELECTIONS) SEEMS EVER MORE  
LIKELY. IN RECENT PRESS INTERVIEW, PRIME MINISTER SEDNEY  
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PAGE 02 PARAMA 00129 240207 Z

DISCUSSED GOVERNMENT'S WILLINGNESS TO GO TO EARLY ELECTIONS  
IF IT BECAME NECESSARY TO SOLVE CRISIS AND VHP CHAIRMAN LACHMON  
HAS STATED HIS PARTY WOULD NOT OPPOSE SUCH ELECTIONS BUT DOUBTED  
THAT DIFFERENT PARLIAMENTARY CONFIGURATIONRATIONS, WHEREAS IMC CAN  
AFFORD TO BE FLEXIBLE  
BECAUSE IT HAS MORE IMPORTANT OPERATIONS IN  
SEVERAL OTHER LATIN AMERICAN COUNTRIES.

3. THE AMBASSADOR TOLD O' NEILL THAT HE WOULD BE  
WILLING TO SPEAK TO THE MINISTER, NOT AS AN  
ADVOCATE, BUT IN AN EFFORT TO ELIMINATE MISSUNDER-  
STANDINGS AND FACILITATE A REASONABLE COMPROMISE.  
THE MINISTER HAS CONSISTENTLY INDICATED  
THAT HE WANTS TO ENCOURAGE FOREIGN INVESTMENT IN  
THE MINING SECTOR. THE AMBASSADOR HAS FOUND HIM  
TO BE REASONABLE, FRANK, AND APPROACHABLE. THE  
AMBASSADOR COUNSELED O' NEILL THAT ABOVE ALL HIS  
COROPAATION SHOULD NOT RESORTTO PUBLIC PRESSURE  
OR PUBLICITY. IF THE LOCAL PRESS LEARNED OF THE  
TERMS THE MINISTER HAD PROPOSED, IT WOULD BE  
EXTREMELY DIFFICULT POLITICALLY FOR THE GOC TO  
SETTLE FOR LESS. ALSO FROM OUR POINT OF VIEW, IF  
QUESTIONS OF EXPROPRIATION WERE PUBLICLY RAISED IN  
THE STATES, OUR FLEXIBILITY WOULD BE LIMITED.

4. THE AMBASSADOR ALSO ASKED O' NEILL ABOUT SOME OF  
THE CHARGES THAT POLITICIANS FROM CHOCO HAD LEVELED  
AGAINST THE COMPANY. O' NEILL REPLIED THAT THESE  
POLITICIANS ARE POLITE AND REASONABLE IN PRIVATE  
MEETINGS WITH COMPANY OFFICIALS, BUT COMPLETELY  
DEMOGOGIC IN PUBLIC. HE SAID THE CHARGES ARE  
OBJECTIVELY FALSE, BUT ARE IMPOSSIBLE TO REFUTE  
BECAUSE THE COMPANY' S OPERATIONS ARE AN ISLAND OF  
WEALTH IN THE SEA OF POVERTY OF THE CHOCO.  
TIRADES AGAINST THE COMPANY ARE THE ONLY OUTLET FOR  
THE CHOCOANOS FRUSTRATION AND ANGER THAT STEM  
FROM THEIR POVERTY AND THE NEGLECT OF THE NATIONAL  
GOVERNMENT. THE LOCAL POPULATION O' NEILL SAID  
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PAGE 03 BOGOTA 02290 222132 Z

WERE VERY MUCH IN FAVOR OF THE COMPANY AND DID  
NOT WANT TO SEE IT GO. THE AMBASSADOR REQUESTED  
O' NEILL TO PROVIDE HIM WITH DATA ON TAXES THE  
COMPANY HAS PAID, AND WITH OTHER INFORMATION  
THAT WILL HELP TO ANSWER THE CHARGES AGAINST THE

COMPANY.

5. ON MARCH 20, THE MANAGER OF IMC'S COLOMBIAN OPERATIONS REPORTED TO THE EMBASSY THAT O' NEILL HAD SEEN THE MINISTER AGAIN EARLIER THE SAME DAY. O' NEILL ASKED THE MINISTER SPECIFIC QUESTIONS ON THE TAXES A JOINT VENTURE WOULD PAY, WHO WOULD MAKE POLICY, AND THE POSSIBILITY OF AN INCREASE IN THE CURRENT 14 PERCENT LIMIT ON PROFIT REPATRIATION. O' NEILL POINTED OUT THE DIFFICULTY OF RAISING THE EQUIVALENT OF 5 MILLION DOLLARS IN PESOS IN THE TIGHT COLOMBIAN CAPITAL MARKET, WHICH WOULD BE REQUIRED IF THE GOC REFUSED TO ASSUME THE COSTS OF ANY OF THE SOCIAL BENEFITS. THIS WOULD REQUIRE A DECAPITALIZATION OF THE COMPANY AT ONE FELL SWOOP.

6. THE MINISTER APPEARED TO ACCEPT THIS AND OTHER OF O' NEILL'S POINTS WITH SOME SYMPATHY. HOWEVER, HE SPOKE OF THE DIFFICULTY OF CONTROLLING THE LATIN TEMPER. HE FEARED THAT IT WOULD BE DIFFICULT TO KEEP CONGRESS OUT OF THE AFFAIR MUCH LONGER. HE PROMISED TO GIVE O' NEILL A LETTER WITHIN A DAY OR TWO, SPELLING OUT THE TERMS ON WHICH THE GOC IS PREPARED TO ENTER AS THE SENIOR PARTNER IN IMC'S COLOMBIAN OPERATIONS. THE LETTER PROBABLY WILL RESPOND TO SOME OF THE POINTS O' NEILL MADE IN HIS LATEST MEETING WITH THE MINISTER. O' NEILL WILL RETURN TO NEW YORK TO PRESENT THE LETTER TO HIS BOARD OF DIRECTORS AS SOON AS HE RECEIVES IT.

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\*\*\* Current Classification \*\*\* CONFIDENTIAL

## Message Attributes

**Automatic Decaptoning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** n/a  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 23 MAR 1973  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** garlanwa  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1973PARAMA00129  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** GDS  
**Errors:** n/a  
**Film Number:** n/a  
**From:** PARAMARIBO  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1973/newtext/t19730334/aaaaibuw.tel  
**Line Count:** 149  
**Locator:** TEXT ON-LINE  
**Office:** ACTION ARA  
**Original Classification:** CONFIDENTIAL  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 3  
**Previous Channel Indicators:**  
**Previous Classification:** CONFIDENTIAL  
**Previous Handling Restrictions:** n/a  
**Reference:** 73 PARAMARIBO 128  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** garlanwa  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 18 SEP 2001  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <18-Sep-2001 by kelleyw0>; APPROVED <19-Nov-2001 by garlanwa>  
**Review Markings:**

Declassified/Released  
US Department of State  
EO Systematic Review  
30 JUN 2005

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** <DBA CORRECTED> jms 971217  
**Subject:** STRIKE SITUATION  
**TAGS:** PINS, NS  
**To:** ARA  
**SECSTATE WASHDC**  
**THE HAGUE**  
**Type:** TE  
**Markings:** Declassified/Released US Department of State EO Systematic Review 30 JUN 2005